GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3832
ANSWERED ON:16.05.2006
FREE TRADE AGREEMENT
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the impact of the Free Trade Agreement between India and other countries;

(b) the manner in which it helped in improving trade inflows; and

(c) the steps taken to ensure a favourable balance of trade with whom there is negative balance?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a)&(b) Free Trade Agreements (FTAs) are expected to enhance the bilateral trade and investment flows between the countries by providing better market access resulting from the exchange of tariff concessions.

After the operationalisation of India-Sri Lanka FTA in March, 2000, the bilateral trade has increased from US $ 685.15 mn. in 2000-01 to US $ 1719.62 mn. in 2004-05.

India and Singapore have signed a Comprehensive Economic Cooperation Agreement (CECA) on 29th June, 2005 which is effective 1st August, 2005. The CECA covers, inter-alia, Free Trade Agreement in Goods. During August-December, 2005, India's exports to Singapore increased by around 42% while its imports from Singapore increased by around 31% over the same period in the previous year.

The India-Bhutan Agreement on Trade and Commerce is essentially a Free Trade Agreement which has been in existence since 1972. The bilateral trade with Bhutan has increased from US $ 21.97 mn. in 2000-01 to US $134.17 mn. in the year 2004-05.

(c) India does not have a negative trade balance with these FTA partners.